

**United States Bankruptcy Court
61288, Houston TX 77208**

SOUTHERN DISTRICT OF TEXAS P.O.Box
(Houston Division)

PROOF OF CLAIM

Name of Debtors Stage Stores, Inc., a Delaware corporation <input checked="" type="checkbox"/> Specialty Retailers, Inc., a Texas corporation Specialty Retailers, Inc. (NV), a Nevada corporation		Case Number 00-35078-H2-11 00-35079-H2-11 00-35080-H2-11		Creditor ID#: 788-19982	
*place an "x" beside the name of the Debtor you are filing a claim against				United States District Court Southern District of Texas FILED SEP 25 2000 Michael N. Milby, Clerk	
Name of Creditor (The person or other entity to whom the debtor owes money or property): Encore Marketing Int		Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.			
Name and address where notices should be sent: *****AUTO**MIXED AADC 900 Encore Marketing Int 4501 Forbes Blvd Lanham MD 20706-4326 [Barcode]		Check box if you have never received any notices from the bankruptcy court in this case Check box if the address differs from the address on the envelope sent to you by the court.			
Account or other number by which creditor identifies debtor:		Check here _____ replaces if this claim _____ amends a previously filed claim, dated: _____			
1. Basis for Claim ____ Goods sold ____ Services performed ____ Money loaned ____ Personal injury/wrongful death ____ Taxes <input checked="" type="checkbox"/> Other <u>Remittance of membership fee billings collected by "debtor" as billing agent on behalf of Encore</u>		____ Retiree benefits as defined in 11 U.S.C. § 1114(a) ____ Wages, salaries, and compensation (Fill out below) Your SS#: _____ Unpaid compensation for services performed from _____ to _____ (date) (date)			
2. Date debt was incurred: <u>Ongoing</u>		3. If court judgment, date obtained:			
4. Total Amount of Claim at Time Case Filed: \$ <u>\$170,541.10</u> If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. ____ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.					
5. Secured Claim. <u>To the extent Encore's funds are paid of the bankruptcy estate</u> <input checked="" type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: ____ Real Estate ____ Motor Vehicle ____ Other All personal and intangible property of Debtor's Estate <u>Right of setoff against commission owed</u> Value of Collateral: \$ _____ <u>(See contract attached)</u> Amount of arrearage and other charges at time case filed included in secured claim, if any \$ <u>\$170,541.10</u>		6. Unsecured Priority Claim. Check this box if you have an unsecured priority claim Amount entitled to priority \$ _____ Specify the priority of the claim: ____ Wages, salaries, or commissions (up to \$4,300)* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3) ____ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4) ____ Up to \$1,950* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6) ____ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7) ____ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8) ____ Other - Specify applicable paragraph of 11 U.S.C. § 507(a-____). <small>*Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>			
7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.				This Space is for Court Use Only.	
8. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.					
9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.					
Date <u>9/15/2000</u>	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any): <u>Bay N. Walter Vice President Encore Roberts Smith Inc</u>				
Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.					

Specialty Retailers

Stage Stores, Palais Royale, Bealls Stores

Outstanding Balance @ 8-24-00

Outstanding Invoices:

Stage Stores	74,528.16
Bealls	138,477.90
Palais Royale	33,080.87

Less Chargebacks:

Chargebacks	(133,483.17)
Chargeback Reversals	5,759.70

Balance before retention	<u>118,363.46</u>
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Add:

Retention being Held @ 50%	52,177.64
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Outstanding Balance	<u><u>\$170,541.10</u></u>
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C:\MyDoc\Clients\Stage\Billed @8_24.xls

Confidential

AGREEMENT

THIS AGREEMENT made this 26th day of March, 1997, by and between ENCORE MARKETING INTERNATIONAL, INC., a Delaware corporation, with its principal offices at 4501 Forbes Boulevard, Lanham, Maryland 20706, hereinafter referred to as "EMI" and SPECIALTY RETAILERS, INC. ("Client"), a _____ corporation, with its principal offices at 1020 Willow Creek, Jacksonville, Texas 75766, hereinafter referred to as "Client".

RECITALS

- A. EMI is in the business of marketing and servicing various proprietary continuity service club programs (hereinafter called "Clubs") to consumers through direct response marketing and desires to promote its various Clubs to credit cardholders of Client; and
- B. EMI and Client, at its option, desire to make one or more selected EMI Clubs available to Client's cardholders, for which EMI agrees to pay to Client compensation as set forth herein in connection with the offering of each such Club.

NOW, THEREFORE, for and in consideration of the mutual promises and provisions herein contained, the parties agree as follows:

ARTICLE 1 - Description of Clubs to Be Marketed.

EMI agrees to make available to Client and Client's cardholders from time to time one or more of EMI's Clubs as EMI and Client, at its option, may agree upon. Prior to the marketing of any EMI Club being undertaken pursuant to this Agreement, EMI and Client will execute an Addendum to this Agreement to be attached hereto and made a part hereof describing each such Club to be marketed to Client's cardholders and any specific obligations of either EMI or Client with respect to the offering of the Club, including compensation to be paid to Client. All such EMI Club offerings shall be with the Client's endorsement. Concurrent with the execution of this Agreement, the parties are executing Addendum No. 1 for the marketing of EMI's Encore Preferred Traveller Club, Addendum No. 2 for the marketing of EMI's Home & Garden Savings Club and Addendum No. 3 for the marketing of EMI's Credit Card Registration Service.

ARTICLE 2 - Advertising.

Upon approval and scheduling of the offering of an EMI Club by Client, and upon mutual agreement of specific direct response marketing of the Club including content, quantities and media, EMI will provide promotional material for the Club offering as mutually agreed upon by EMI and Client, to market said Club to Client's cardholders ("Advertising"). Client will cause said Advertising to be made in the agreed upon manner. EMI will comply with security procedures for use of Client's computer tapes containing names, addresses, account numbers and phone numbers of Client's cardholders, as may be reasonably requested by Client. EMI will bind any subcontractors to whom it sends such tapes in a similar manner. EMI will market its Clubs to Client's cardholders via one or more of the Advertising formats authorized by Client as

described below (or others agreed upon) and will be responsible for and pay the costs associated therewith as described. An Advertising effort shall proceed only upon the parties mutual agreement. The parties may agree to conduct a test of one or more Advertising formats to selected cardholder segments and rollout to a larger list based upon the result. For test purposes, the parties agree to a maximum of 50,000 names, or to such other quantity as they may mutually decide upon.

Solo Mailings. Client agrees to provide a computer tape of credit cardholders whose accounts are in good standing and who have had charge activity within the previous six (6) months. Said tape will contain name, address and account number. EMI will, at its own expense, mail via bulk third-class rate, one solo mail package offering the Club to selected names on said tape.

Security Mailers. Client agrees to provide, on a weekly basis, a computer tape containing the names of cardholders who have had new or reissued cards issued to them the previous week. Said tape will contain name, address and account number. EMI will, at its own expense, mail via bulk third-class rate, a security mailer package which instructs the cardholder to call Client if the new or revised card has not arrived and concurrently promotes the designated EMI Club.

Inserts in Monthly Billing Statements. EMI, at its own expense, will provide brochures offering the Club, designed to Client's specifications. Client will insert said brochures in its monthly statements for one full month billing cycle. Client will reimburse EMI for any inserts ordered by EMI at Client's request, but not used by Client within six (6) months of delivery.

Remittance "Bangtail" Envelopes. EMI, at its own expense, will provide a one month supply of remittance "bangtail" envelopes offering the Club, designed to Client's specifications. Client will insert said envelopes with its monthly statements for one full month billing cycle or, at Client's option, will use the envelopes over a six (6) month period. Client agrees not to insert said envelopes within sixty (60) days of other advertising of the Club as conducted hereunder. Client will reimburse EMI for any envelopes ordered by EMI at Client's request, but not used by Client within six (6) months of delivery.

Credit Card Carriers. EMI, at its own expense, will print credit card carriers containing the Club offering, designed to Client's specifications. Client will utilize these carriers with all credit cards mailed to its credit cardholders on an on-going basis. Client will reimburse EMI for any carriers ordered by EMI at Client's request, but not used by Client within six (6) months of delivery.

EMI will place its printing order in reliance upon Client's estimate of the quantity of mailing pieces needed. If the actual mailing quantity ends up being more than ten percent (10%) less than the estimated quantity and EMI must discard the leftovers, Client agrees to reimburse EMI for the cost of the leftovers if EMI is unable to mail the remaining quantities. Client agrees to use its best efforts to cause the mailing of any quantities remaining as expeditiously thereafter as is reasonably possible. Client agrees to furnish to EMI, in a mutually agreed upon layout form, at least six (6) weeks prior to any mail drop date, computer tapes containing the names, addresses and account numbers of its cardholders to be solicited.

ARTICLE 3 - Copy Approval

Prior to printing, EMI will secure Client's approval, which may not be unreasonably withheld, to all Advertising copy and layout and maximum allowable weight where required. Telemarketing scripts shall also be submitted for Client's approval prior to use. Client will use its best efforts to complete its review of any Advertising material submitted to it and notify EMI of its response within five (5) business days of receipt. If Client declines to approve, or makes material alterations to any mutually agreed upon Advertising material, then EMI shall not be obligated to do that Advertising. Any changes required by Client in any Advertising material following its approval thereof for a targeted solicitation effort, shall be at Client's cost. If Client approves any Advertising material for use and thereafter does not allow EMI to use such Advertising material, Client agrees to pay EMI its cost incurred to that point for producing the materials, if they cannot otherwise be used for the purpose intended.

ARTICLE 4 - Compensation to Client.

Unless otherwise provided for in the Addendum pertaining to the specific EMI Club promoted, Client will be paid as a commission, on a monthly basis, commencing in the first month following the end of any trial period offered cardholders by EMI, an agreed upon percentage of the net first time and renewal full price membership fees billed and collected from the Client credit card accounts of Client's cardholders enrolled as members in the Club from Advertising undertaken pursuant to this Agreement. The percentage of net membership fees paid to Client in connection with each specific Club offering, shall be set forth in the Addendum pertaining to that Club. The term "net" as used herein shall mean the total amount of first time membership or renewal membership fees received from Club members, less the total amount of refunds of such fees made to Club members (e.g., credits for cancellations).

No commission will be paid from Club memberships generated in connection with any Advertising effort other than that involving solo mailings, security mailers or telemarketing if the response rate from that effort is less than 0.1%.

ARTICLE 5 - Billing.

EMI will provide billing data to Client on a monthly basis regarding new and renewing Client cardholders enrolled as Club members pursuant to this Agreement. Such billing data will be via computer tapes or electronic transmission as may be mutually agreed upon by EMI and Client. Client will process all such tapes or transmissions and bill such Club members on their respective Client card accounts and remit to EMI within thirty (30) days of the date of EMI's invoice (accompanying the billing tape or transmission) all funds collected from such members for Club memberships, less the commission due to Client as shown on EMI's invoice. The monthly billing statement which Client mails to cardholders enrolled as Club members shall specifically designate that the charge is for the Club. Such Club membership billings by Client shall occur without impediment during and after termination of this Agreement for as long as the cardholder remains an EMI Club member and continues to meet Client's normal credit standards.

Client agrees, on a mutually determined periodic basis, to notify EMI of the credit card accounts of Club members which are no longer valid (i.e., accounts which are closed) due to loss, theft, consolidation, cancellation or other changes which have occurred during the cardholder's membership year, to provide current Club member addresses and to resubmit billings to accounts previously declined. Client also agrees to notify EMI of accounts of Club members who decline and cannot be billed (after several efforts) so that if necessary EMI can make alternative billing arrangements in regard to such Club members.

Client agrees to participate in EMI's priority cancellation program so that Club membership credits, where possible, are effected by EMI through credit tapes sent to Client directly. If a Club member notifies Client that he or she desires to cancel membership to the EMI Club, Client agrees to ask the member to contact EMI's customer service unit, by providing the toll-free number or otherwise effectuate transfer of the call to EMI's customer retention unit which will, in courteous fashion, attempt to convince Club members to retain their membership. To assist in this effort, Client agrees to include EMI's toll-free customer service retention unit telephone number as part of the billing descriptor.

Client understands and acknowledges that it is acting as an agent of EMI in its billing of Club members and in the collection of any monies from them pursuant to this Agreement. The parties hereto acknowledge that all monies collected by Client from Club members pursuant to this Agreement, less Client commissions, is the property of EMI and that as custodian of such property, Client shall have a fiduciary duty to pay over such amounts to EMI. If not paid for any reason, EMI shall have the right to offset such amounts from future commissions owed.

If Client's entire business or credit card plan is acquired by or merged with another entity, Client agrees to use its best efforts to cause such successor entity to continue the billing of Club members as set forth herein.

ARTICLE 6 - Club Members.

Cardholders of Client enrolling as members in and to any EMI Club hereunder are acknowledged by Client to be EMI's customers to the full extent necessary for EMI to perform its obligations and exercise the rights accorded to it in its Club agreement with the member, including EMI's obligation to implement and service the Club member on an on-going basis for the full duration of Club membership and its right to receive payment of Club membership fees therefrom, regardless of any termination of this Agreement.

Client agrees that while a cardholder remains a member of an EMI Club pursuant to this Agreement (until that member cancels) it will not intentionally solicit any such member or allow any third party to solicit such member for the purpose of inducing said member to purchase or enroll in other programs offering similar or related services to those of the EMI Club of which the cardholder is a member. This obligation will survive the termination of this Agreement. To assist in the implementation of this paragraph, EMI will, subsequent to termination of this Agreement, provide to Client at such regular intervals as the parties shall mutually agree upon, a "purge tape" containing the names of the then-current EMI Club members enabling Client to meet its obligations hereunder.

EMI reserves the right to make independent arrangements with Club members for alternative billing without obligation to Client should there no longer be an active Client card account with respect to such Club member(s) which Client can bill, provided that no further affiliation to Client shall be represented nor use of Client's intellectual property permitted.

ARTICLE 7 - Customer Service.

EMI will perform all customer service and support functions for all Club members enrolled pursuant to this Agreement and respond to all customer service inquiries relating to the operation of its Clubs. EMI will provide sufficient membership material to fulfill all orders received from its Club promotions, will process enrollments on a daily basis and will mail membership materials to its members within two weeks after receipt of the enrollment form.

Service benefits provided to Club members will be consistent with the disclosed benefit descriptions. EMI reserves the right from time to time to unilaterally modify or change one or more of the service benefits of its Clubs without materially affecting the overall value of the Club benefits provided and to determine the method of notice, if any, to be provided to existing Club members. EMI retains the exclusive right to establish the membership fee pricing for its Clubs and to increase membership fee pricing as it deems appropriate. EMI will provide at least thirty (30) days notice to Client prior to the effective date of any membership fee increase.

If EMI is unsuccessful in resolving any Club member dispute within thirty (30) days after it has knowledge of such dispute, Client may charge EMI for the amount of the Club

membership fee, net of commissions, and make appropriate adjustments to the member's cardholder account.

ARTICLE 8 - Exclusivity.

Client will not offer or otherwise make available to its cardholders during the term of this Agreement any Club related services and benefits similar to those of any of the Clubs marketed by EMI hereunder which are the subject matter of an Addendum to this Agreement other than through EMI or its affiliates. EMI shall have the exclusive right to solicit, offer and service Client's cardholders during the term of this Agreement for the Clubs described in the Addenda to this Agreement.

ARTICLE 9 - Term.

The term of this Agreement shall be for an initial term of two (2) years from the date upon which the last of the parties hereto executes this Agreement and shall be automatically renewed on a year-to-year basis thereafter, under the same terms and conditions as specified herein until either party provides at least ninety (90) days written notice of termination to the other prior to the expiration of the initial term or any annual renewable term thereafter. The parties may terminate the Agreement hereunder with respect to a Club offering while leaving the Agreement in full force and effect with respect to other unaffected Clubs.

ARTICLE 10 - Confidentiality.

EMI agrees that Client's cardholder tape and all information contained on it are the confidential information of Client and agrees to use the same only for the purposes stated herein during the term of this Agreement, not to disclose same to any third party without the prior written consent of Client and to return it promptly to the Client after the solicitation. Client agrees that marketing strategies, copy, techniques, competitive advantages, historic response and renewal rate experience and other proprietary information, as well as the Club members' lists of names, addresses and other information are and shall be the confidential and proprietary property of EMI, and to the extent disclosed to Client by EMI, Client agrees to use said information only for the purposes stated herein and not to disclose said information to a third party without the prior written consent of EMI. The provisions of this Article 10 shall survive the expiration or other termination of this Agreement.

ARTICLE 11 - Termination for Material Breach/Bankruptcy.

In the event of a material breach of this Agreement by either of the parties hereto, either Client or EMI may, reserving cumulatively all other remedies and rights under this Agreement, or in law or equity, terminate this Agreement or any Addendum hereto in whole or in part at any time by giving sixty (60) days prior written notice thereof together with the reasons for said

termination; provided, however, that this Agreement or Addenda thereto shall not terminate at the end of said sixty (60) days notice period if the party in breach has cured the breach of which it has been notified, prior to the expiration of said sixty (60) days.

Should either party file a voluntary petition in bankruptcy for reorganization or be adjudged as bankrupt or insolvent, the other party may terminate this Agreement upon giving sixty (60) days prior written notice to the other.

If EMI materially breaches the terms of this Agreement and, upon EMI's failure to cure, Client elects to terminate the Agreement with respect to one or more or all of the Clubs, EMI, at Client's option, agrees to notify Client's cardholders who subscribe as members to the affected Clubs that Client is discontinuing its relationship with EMI and that the member will be unable to renew membership via their Client card account. EMI may independently, and at its own expense, solicit said members for membership continuation and make its own billing arrangements. No further affiliation to Client shall be represented nor use of Client's intellectual property permitted.

ARTICLE 12 - Intellectual Property.

Each party's tradenames and trademarks shall remain the property of said party. The use of any such tradenames or trademarks shall be solely for the purposes set forth in this Agreement.

ARTICLE 13 - Independent Contractor.

The relationship of Client and EMI shall be that of independent contractors and not as partners or joint venturers.

ARTICLE 14 - Assignment.

Except as to subsidiaries, successors and/or affiliates of either party, this Agreement shall not be assigned or otherwise transferred by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

ARTICLE 15 - Indemnification.

Each party hereby indemnifies and holds the other harmless from any claims or liabilities, including reasonable attorney's fees, arising from any act or omission of the indemnifying party or the failure of such party to comply with the material terms of this Agreement. In particular, EMI's obligation to indemnify applies to any act or omission by it in connection with its advertising or administration of its Clubs.

ARTICLE 16 - Force Majeure.

Neither party hereto shall be liable to the other for any delay in, failure of, performance of any covenant contained herein, nor shall any such delay in or failure of performance constitute default hereunder or give rise to any liability for damages, if any, to the extent that such delay or failure is caused by "Force Majeure." The term "Force Majeure" means fires, explosions, action of the elements, strikes or other labor disputes, restrictions or restraints imposed by law, rules or regulations of a public authority, acts of military authorities, war riots, civil disturbances, interruptions, delays of utilities or telephone service, interruption of transportation facilities, and any other cause which is beyond the reasonable control of the party affected, and which by the exercise of reasonable diligence, said party is unable to prevent. The happening of such "Force Majeure" shall extend the time of performance on the part of the party hereto affected thereby to such extent as may be necessary to enable it to complete the performance after the cause or causes of delay or failure have been removed.

ARTICLE 17 - Waiver.

Neither of the parties shall be deemed to have waived any of its rights, powers or remedies hereunder or under applicable law or equity, unless such waiver is in writing signed by the party making such waiver.

ARTICLE 18 - Books and Records.

Either party may, with at least three (3) business days prior notice to the other, audit during normal business hours, the books and records of the other party pertaining to the other party's responsibilities, obligations and performance under this Agreement.

ARTICLE 19 - Statutory Compliance.

The parties represent that they are licensed and legally qualified and authorized to enter into and perform their respective obligations pursuant to this Agreement in each jurisdiction where the EMI Club(s) will be offered.

ARTICLE 20 - Notification.

Any notice, required or permitted hereunder shall be deemed properly given when hand delivered or mailed certified mail/return receipt requested or by other means of delivery with proof of receipt or refusal as follows:

To Client:

Specialty Retailers, Inc.
1020 Willow Creek
Jacksonville, TX 75766
Attn.: David Herman

To EMI:

Encore Marketing International, Inc.
4501 Forbes Boulevard
Lanham, Maryland 20706
Attn.: General Counsel

ARTICLE 21 - Governing Law and Forum Selection.

The parties relations as described by this Agreement shall be governed by and the Agreement interpreted in accordance with the laws of the State of Maryland. The parties agree that any suit, action or legal proceeding arising out of or relating to this Agreement shall be brought only in a federal or state court of competent jurisdiction in Prince George's County, Maryland. Any ground for objection to such venue or to the personal jurisdiction of such court as well as any right of removal of such action hereby is waived by all parties hereto.

ARTICLE 22 - Entire Agreement.

This instrument constitutes the entire Agreement between the parties regarding the matters herein and can only be amended or modified by another written agreement signed by duly authorized representatives of both parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns. If any part, term or provision of this Agreement shall be determined to be invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect. This Agreement and its terms and conditions shall not be divulged to any third party without the express written consent of EMI.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates shown below:

ENCORE MARKETING
INTERNATIONAL, INC.

By: [Signature]

Title: President

Date: 3/26/97

SPECIALTY RETAILERS, INC.

By: [Signature]

Title: SVP - Credit Services

Date: 3/19/97

ADDENDUM NO. 1 TO AGREEMENT BETWEEN
SPECIALTY RETAILERS, INC.
AND
ENCORE MARKETING INTERNATIONAL, INC.

THIS ADDENDUM NO. 1 made and entered into this 26th day of March, 1997, by and between SPECIALTY RETAILERS, INC. ("Client") and ENCORE MARKETING INTERNATIONAL, INC. ("EMI") will state their mutual undertaking and agreement to offer and make available to Client's cardholders at a frequency and amount to be mutually agreed upon, EMI's Encore Preferred Traveller Club, as set forth below, subject to the terms of that certain Agreement dated March 26, 1997, now in effect between Client and EMI.

Description of Program:

The Encore Preferred Traveller Club provides value added travel related savings for consumers. Among other benefits, members can save up to 60% at nearly 11,000 properties, as well as enjoy selected car rental and dining discounts.

Compensation to Client:

From Encore Preferred Traveller Club memberships generated from marketing of the Club pursuant to this Addendum No. 1 and Agreement between Client and EMI, EMI agrees to pay to Client as a commission from net first time and renewal fees billed and collected from the Client credit card accounts of Client's cardholders enrolled as Club members, the following, based upon the Advertising format utilized to generate the enrollment:

<u>Advertising Format</u>	<u>Commission to Client From Net Membership Fees Billed & Collected</u>	
	<u>First Full Price Billing</u>	<u>Renewals</u>
Solo Mailings	17.5%	22.5%
Security Mailers	17.5%	22.5%
Statement Inserts	25%	25%

Commission shall be paid based on net membership fees billed and collected, which is the total amount of first time full price or renewal membership fees billed and collected from Club members generated from the advertising promotions described herein, less the total amount of refunds of such fees made to Club members (e.g., credits for cancellations).

This Addendum No. 1 is attached to and incorporated as part of the Agreement dated _____, 1997 between Client and EMI. In the event of any contradiction(s) between this Addendum No. 1 and the Agreement, this Addendum No. 1 shall govern.

IN WITNESS WHEREOF, the parties have executed this Addendum No. 1 on the dates shown below.

ENCORE MARKETING
INTERNATIONAL, INC.

By: Allin
Title: President
Date: 3/26/97

SPECIALTY RETAILERS, INC.

By: David Sherman
Title: SVP - Credit Services
Date: 3/19/97

ADDENDUM NO. 2 TO AGREEMENT BETWEEN
SPECIALTY RETAILERS, INC.
AND
ENCORE MARKETING INTERNATIONAL, INC.

THIS ADDENDUM NO. 2 made and entered into this 28th day of March, 1997, by and between SPECIALTY RETAILERS, INC. ("Client") and ENCORE MARKETING INTERNATIONAL, INC. ("EMI") will state their mutual undertaking and agreement to offer and make available to Client's cardholders at a frequency and amount to be mutually agreed upon, EMI's Home & Garden Savings Club, as set forth below, subject to the terms of that certain Agreement dated March 26, 1997, now in effect between Client and EMI.

Description of Program:

The Home & Garden Savings Club provides value added home and garden savings for members. Among other benefits, members can realize coupon savings of over \$300 on garden products.

Compensation to Client:

From Home & Garden Savings Club memberships generated from marketing of the Club pursuant to this Addendum No. 2 and Agreement between Client and EMI, EMI agrees to pay to Client as a commission from net first time and renewal fees billed and collected from the Client credit card accounts of Client's cardholders enrolled as Club members, the following, based upon the Advertising format utilized to generate the enrollment:

Commission to Client From Net Membership Fees Billed & Collected		
<u>Advertising Format</u>	<u>First Full Price Billing</u>	<u>Renewals</u>
Solo Mailings	17.5%	22.5%
Statement Inserts	25%	25%

Commission shall be paid based on net membership fees billed and collected, which is the total amount of first time full price or renewal membership fees billed and collected from Club members generated from the advertising promotions described herein, less the total amount of refunds of such fees made to Club members (e.g., credits for cancellations).

This Addendum No. 2 is attached to and incorporated as part of the Agreement dated March 25, 1997 between Client and EMI. In the event of any contradiction(s) between this Addendum No. 2 and the Agreement, this Addendum No. 2 shall govern.

IN WITNESS WHEREOF, the parties have executed this Addendum No. 2 on the dates shown below.

ENCORE MARKETING
INTERNATIONAL, INC.

By: *Allen*
Title: *President*
Date: *3/26/97*

SPECIALTY RETAILERS, INC.

By: *David H. Hannon*
Title: *SVP - Credit Services*
Date: *3/19/97*

AMENDMENT TO ADDENDUM NO. 2
TO AGREEMENT BETWEEN
SPECIALTY RETAILERS, INC., AND
ENCORE MARKETING INTERNATIONAL, INC.

THIS AMENDMENT TO ADDENDUM NO. 2 TO AGREEMENT BETWEEN SPECIALTY RETAILERS, INC. ("Client") AND ENCORE MARKETING INTERNATIONAL, INC. ("EMI") is made and effective as of the 28th day of January, 1999.

RECITALS

A. Whereas, Client and EMI heretofore entered into an Agreement made as of March 26, 1997 (the "Agreement") and concurrent therewith, executed Addendum No. 2 to the Agreement for the marketing of EMI's Home & Garden Savings Club; and

B. Whereas, Client and EMI now desire to amend Addendum No. 2 to the Agreement as more particularly set forth below:

NOW THEREFORE, Client and EMI hereby agree as follows:

With respect to Addendum No. 2, commencing with, and effective from the first full price billings from enrollments generated from the solo mailing for the Home & Garden Savings Club scheduled to rollout on or about March 1, 1999, the First Full Price Billing commission to be paid to Client from net membership fees billed and collected with respect to solo mailings is increased from 17.5% to 20%.

Except as amended herein, all terms and conditions of Addendum No. 2 shall continue to remain in effect unchanged.

IN WITNESS WHEREOF, the parties have executed this Amendment to Addendum No. 2 on the dates shown below.

ENCORE MARKETING
INTERNATIONAL, INC.

By: B. H. Hottel
Title: VP - legal
Date: 2/10/99

SPECIALTY RETAILERS, INC.

By: Daniel A. [Signature]
Title: vice president database mktg
Date: 2/8/99

AMENDMENT TO ADDENDUM NO. 2
TO AGREEMENT BETWEEN
SPECIALTY RETAILERS, INC., AND
ENCORE MARKETING INTERNATIONAL, INC.

THIS AMENDMENT TO ADDENDUM NO. 2 TO AGREEMENT BETWEEN
SPECIALTY RETAILERS, INC. ("Client") AND ENCORE MARKETING
INTERNATIONAL, INC. ("EMI") is made and effective as of the 28th day of January, 1999.

RECITALS

A. Whereas, Client and EMI heretofore entered into an Agreement made as of March 26, 1997 (the "Agreement") and concurrent therewith, executed Addendum No. 2 to the Agreement for the marketing of EMI's Home & Garden Savings Club; and

B. Whereas, Client and EMI now desire to amend Addendum No. 2 to the Agreement as more particularly set forth below:

NOW THEREFORE, Client and EMI hereby agree as follows:

With respect to Addendum No. 2, commencing with, and effective from the first full price billings from enrollments generated from the solo mailing for the Home & Garden Savings Club scheduled to rollout on or about March 1, 1999, the First Full Price Billing commission to be paid to Client from net membership fees billed and collected with respect to solo mailings is increased from 17.5% to 20%.

Except as amended herein, all terms and conditions of Addendum No. 2 shall continue to remain in effect unchanged.

IN WITNESS WHEREOF, the parties have executed this Amendment to Addendum No. 2 on the dates shown below.

ENCORE MARKETING
INTERNATIONAL, INC.

By: [Signature]

Title: VP - legal

Date: 2/10/99

SPECIALTY RETAILERS, INC.

By: [Signature]

Title: vice president database mktg

Date: 2/8/99

ADDENDUM NO. 3 TO AGREEMENT BETWEEN
SPECIALTY RETAILERS, INC.
AND
ENCORE MARKETING INTERNATIONAL, INC.

THIS ADDENDUM NO. 3 made and entered into this 26th day of March, 1997, by and between SPECIALTY RETAILERS, INC. ("Client") and ENCORE MARKETING INTERNATIONAL, INC. ("EMI") will state their mutual undertaking and agreement to offer and make available to Client's cardholders at a frequency and amount to be mutually agreed upon, EMI's Credit Card Registration Service Club, set forth below, subject to the terms of that certain Agreement dated March 26, 1997, now in effect between Client and EMI.

Description of Program:

The Credit Card Registration Service provides members with the ability to register their credit, debit and ATM cards in a confidential computer file. A 24 hour toll-free hotline is available to report lost or stolen cards, and a stop use alert for lost or stolen credit cards, assistance in obtaining reissued cards, and emergency cash and airline tickets to return home when a member's cards are missing.

Compensation to Client:

From Credit Card Registration Service Club memberships generated from marketing of the Club pursuant to this Addendum No. 3 and Agreement between Client and EMI, EMI agrees to pay to Client as a commission from net first time and renewal fees billed and collected from the Client credit card accounts of Client's cardholders enrolled as Club members, the following, based upon the Advertising format utilized to generate the enrollment:

<u>Advertising Format</u>	<u>Commission to Client From Net Membership Fees Billed & Collected</u>	
	<u>First Full Price Billing</u>	<u>Renewals</u>
Solo Mailings	15%	25%
Security Mailers	15%	25%
Statement Inserts	25%	25%
Bangtail Envelopes	25%	25%
Credit Card Carriers	25%	25%

Commission shall be paid based on net membership fees billed and collected, which is the total amount of first time full price or renewal membership fees billed and collected from Club members generated from the advertising promotions described herein, less the total amount of refunds of such fees made to Club members (e.g., credits for cancellations).

This Addendum No. 3 is attached to and incorporated as part of the Agreement dated March 26, 1997 between Client and EMI. In the event of any contradiction(s) between this Addendum No. 3 and the Agreement, this Addendum No. 3 shall govern.

IN WITNESS WHEREOF, the parties have executed this Addendum No. 3 on the dates shown below.

ENCORE MARKETING
INTERNATIONAL, INC.

By: [Signature]
Title: President
Date: 3/26/97

SPECIALTY RETAILERS, INC.

By: [Signature]
Title: SVP - Credit Services
Date: 3/19/97